

LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 551

FINAL READING

Introduced by Flood, 19; Ashford, 20; Howard, 9; Mines, 18

Read first time January 17, 2007

Committee: Revenue

A BILL

1 FOR AN ACT relating to the Convention Center Facility Financing
2 Assistance Act; to amend sections 13-2602, 13-2603,
3 13-2605, 13-2607, 13-2609, 13-2610, 13-2612, and 13-2706,
4 Revised Statutes Cumulative Supplement, 2006; to provide
5 for state sales tax revenue appropriations to the
6 Convention Center Support Fund and the Local Civic,
7 Cultural, and Convention Center Financing Fund; to
8 change and eliminate provisions relating to attributable
9 revenue, eligible facilities, and receipt of funding; to
10 define and redefine terms; to eliminate a termination
11 date; to harmonize provisions; to repeal the original
12 sections; to outright repeal section 13-2608, Revised
13 Statutes Cumulative Supplement, 2006; and to declare an

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1 emergency.

2 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 13-2602, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 13-2602 (1) The Legislature finds that it will be
4 beneficial to the economic well-being of the people of this
5 state that there be convention and meeting center facilities and
6 sports arena facilities of appropriate size and quality to host
7 regional, national, or international events. Regional refers to
8 states that border Nebraska; national refers to states other than
9 those that border Nebraska; and international refers to nations
10 other than the United States.

11 (2) The Legislature further finds that such facilities
12 may (a) generate new economic activity as well as additional state
13 and local taxes from persons residing within and outside the state
14 and (b) create new economic opportunities for residents.

15 (3) In order that the state may receive any long-term
16 economic and fiscal benefits from such facilities, a need exists to
17 provide some state ~~financial~~ assistance to political subdivisions
18 endeavoring to construct, acquire, substantially reconstruct,
19 expand, operate, improve, or equip such facilities.

20 (4) Therefor, it is deemed to be in the best interest of
21 both the state and its political subdivisions that the state assist
22 political subdivisions in financing the construction, acquisition,
23 substantial reconstruction, expansion, operation, improvement, or
24 equipping of such facilities.

25 (5) The amount of state ~~financial~~ assistance shall be

1 limited to a designated portion of ~~new state~~ sales tax revenue
2 ~~attributed to such facilities and defined events hosted at such~~
3 ~~facilities, collected by retailers and operators doing business~~
4 ~~at such facilities on sales at such facilities, state sales~~
5 ~~tax revenue collected on primary and secondary box office sales~~
6 ~~of admissions to such facilities, and state sales tax revenue~~
7 ~~collected by associated hotels.~~

8 Sec. 2. Section 13-2603, Revised Statutes Cumulative
9 Supplement, 2006, is amended to read:

10 13-2603 For purposes of the Convention Center Facility
11 Financing Assistance Act:

12 ~~(1) Attributable revenue means new state tax revenue~~
13 ~~generated due to the construction of the eligible facility,~~
14 ~~employment at the eligible facility, and spending by participants,~~
15 ~~increased by the applicable investment multiplier;~~

16 (1) Associated hotel means any publicly owned facility
17 in which the public may, for a consideration, obtain sleeping
18 accommodations and which is located within two hundred yards of an
19 eligible facility;

20 (2) Board means a board consisting of the Governor,
21 the State Treasurer, the chairperson of the Nebraska Investment
22 Council, the chairperson of the Nebraska State Board of Public
23 Accountancy, and a professor of economics on the faculty of a
24 state postsecondary educational institution appointed to a two-year
25 term on the board by the Coordinating Commission for Postsecondary

1 Education. For administrative and budget purposes only, the board
2 shall be considered part of the Department of Revenue;

3 (3) Bond means a general obligation bond, redevelopment
4 bond, lease-purchase bond, revenue bond, or combination of any such
5 bonds;

6 (4) Convention and meeting center facility means ~~any~~
7 ~~real or~~ a temperature-controlled building and personal property
8 ~~necessary for~~ primarily used as a convention and meeting center,
9 including an auditorium, an exhibition hall, a facility for onsite
10 food preparation and serving, an onsite, directly connected parking
11 facility for the use of the convention and meeting center facility,
12 and an onsite administrative office of the convention and meeting
13 center facility;

14 (5) Eligible facility means any publicly owned convention
15 and meeting center facility approved for state assistance on
16 or before the effective date of this act, any publicly owned
17 sports arena facility attached to such convention and meeting
18 center facility, or any publicly owned convention and meeting
19 center facility or publicly owned sports arena facility acquired,
20 constructed, improved, or equipped after ~~January 1, 1999,~~ the
21 effective date of this act;

22 (6) General obligation bond means any bond or refunding
23 bond issued by a political subdivision and which is payable from
24 the proceeds of an ad valorem tax;

25 ~~(7) Investment multiplier means the number of times~~

1 ~~spending induces additional spending on goods and services;~~

2 ~~(8) New regional, national, or international event means~~
3 ~~a convention, meeting, trade show, or other educational function~~
4 ~~at which at least fifty percent of the participants are registered~~
5 ~~from a location outside Nebraska and which was not held in Nebraska~~
6 ~~during the three years prior to the completion of construction of~~
7 ~~the convention and meeting center facilities;~~

8 ~~(9) Participant means a person registered to attend and~~
9 ~~shown to have attended a new regional, national, or international~~
10 ~~event at a convention and meeting center facility financed under~~
11 ~~the act;~~

12 ~~(10) (7) Political subdivision means any local~~
13 ~~governmental body formed and organized under state law and any~~
14 ~~joint entity or joint public agency created under state law to act~~
15 ~~on behalf of political subdivisions which has statutory authority~~
16 ~~to issue general obligation bonds;~~

17 ~~(11) (8) Revenue bond means any bond or refunding bond~~
18 ~~issued by a political subdivision which is limited or special~~
19 ~~rather than a general obligation bond of the political subdivision~~
20 ~~and which is not payable from the proceeds of an ad valorem tax;~~
21 ~~and~~

22 (9) Sports arena facility means any enclosed
23 temperature-controlled building primarily used for competitive
24 sports, including arenas, dressing and locker facilities,
25 concession areas, parking facilities, and onsite administrative

1 offices connected with operating the facilities. ~~(12) State tax~~
2 ~~revenue means the Nebraska income tax imposed pursuant to the~~
3 ~~Nebraska Revenue Act of 1967, the Nebraska sales and use tax~~
4 ~~imposed pursuant to the Nebraska Revenue Act of 1967, and the state~~
5 ~~tax imposed by section 81-1253.~~

6 Sec. 3. Section 13-2605, Revised Statutes Cumulative
7 Supplement, 2006, is amended to read:

8 13-2605 (1) All applications for state assistance under
9 the Convention Center Facility Financing Assistance Act shall be in
10 writing and shall include a certified copy of the approving action
11 of the governing body of the applicant describing the proposed
12 eligible facility and the anticipated financing.

13 (2) The application shall contain:

14 (a) A description of the proposed financing of the
15 eligible facility, including the estimated principal and interest
16 requirements for the bonds proposed to be issued in connection
17 with the eligible facility or the amounts necessary to repay the
18 original investment by the applicant in the eligible facility;

19 ~~(b) The estimated number of participants and the~~
20 ~~estimated amount of the spending impact of these participants on~~
21 ~~attributable revenue;~~

22 ~~(c) A specific listing of the investment multipliers~~
23 ~~suggested for use in evaluating the application;~~

24 ~~(d) Estimates of attributable revenue based on the~~
25 ~~investment multipliers;~~

1 ~~(e)~~ (b) Documentation of local financial commitment to
2 support the project, including all public and private resources
3 pledged or committed to the project; and

4 ~~(f)~~ (c) Any other project information deemed appropriate
5 by the board.

6 (3) Upon receiving an application for state assistance,
7 the board shall review the application and notify the applicant of
8 any additional information needed for a proper evaluation of the
9 application.

10 (4) Any state assistance received pursuant to the act
11 shall be used only for public purposes.

12 Sec. 4. Section 13-2607, Revised Statutes Cumulative
13 Supplement, 2006, is amended to read:

14 13-2607 (1) After consideration of the application and
15 the evidence, the board shall issue a finding of whether the
16 convention and meeting center facility or sports arena facility
17 described in the application is eligible for state assistance.

18 (2) If the board finds that the facility described in the
19 application is an eligible facility and that state assistance is in
20 the best interest of the state, the application shall be approved.

21 (3) In determining whether state assistance is in the
22 best interest of the state, the board shall consider ~~the amount~~
23 ~~of attributable revenue estimated to be derived by the state from~~
24 ~~the eligible facility~~ and the fiscal and economic capacity of the
25 applicant to finance the local share of the eligible facility.

1 (4) A majority of the board members constitutes a quorum
2 for the purpose of conducting business. All actions of the board
3 shall be by a majority vote of all the board members, one of whom
4 must be the Governor.

5 Sec. 5. Section 13-2609, Revised Statutes Cumulative
6 Supplement, 2006, is amended to read:

7 13-2609 (1) If an application is approved, the ~~board~~ Tax
8 Commissioner shall: ~~annually:~~

9 ~~(1) (a) Audit or review audits of the approved convention~~
10 ~~and meeting center facility, sports arena facility, or associated~~
11 ~~hotel to determine the state sales tax revenue collected by~~
12 ~~retailers and operators doing business at such facilities on sales~~
13 ~~at such facilities, state sales tax revenue collected on primary~~
14 ~~and secondary box office sales of admissions to such facilities,~~
15 ~~and state sales tax revenue collected by associated hotels; and~~
16 ~~number of participants at the facility that are registered from a~~
17 ~~location outside Nebraska and to assure the number of conventions~~
18 ~~which were not held in the state during the three years prior to~~
19 ~~the construction of the facility;~~

20 ~~(2) Determine the amount of attributable revenue with~~
21 ~~regard to construction, improvement, or equipping of the eligible~~
22 ~~facility, employment at the eligible facility, and participants~~
23 ~~attending a new regional, national, or international event for~~
24 ~~which at least one-half of the participants were registered from a~~
25 ~~location outside Nebraska; and~~

1 **(b) ~~(3)~~ Certify annually the amount of state sales tax**
2 **revenue collected by retailers and operators doing business at such**
3 **facilities on sales at such facilities, state sales tax revenue**
4 **collected on primary and secondary box office sales of admissions**
5 **to such facilities, and state sales tax revenue collected by**
6 **associated hotels, attributable revenue to the State Treasurer.**

7 **(2) State sales tax revenue collected by retailers and**
8 **operators that are not eligible facilities but are doing business**
9 **at eligible facilities shall be reported on informational returns**
10 **developed by the Department of Revenue and provided to any such**
11 **retailers and operators by the eligible facility. The informational**
12 **returns shall be submitted to the department by the retailer or**
13 **operator by the twenty-fifth day of the month following the month**
14 **the sales taxes are collected. The Tax Commissioner shall use**
15 **the data from the informational returns and sales tax returns**
16 **of eligible facilities and associated hotels to determine the**
17 **appropriate amount of state sales tax revenue.**

18 **(3) Changes made to the Convention Center Facility**
19 **Financing Assistance Act by this legislative bill shall apply**
20 **to state sales tax revenue collected commencing on July 1, 2006.**

21 Sec. 6. Section 13-2610, Revised Statutes Cumulative
22 Supplement, 2006, is amended to read:

23 13-2610 (1) Upon the annual certification under section
24 13-2609, the State Treasurer shall transfer after the audit
25 the amount certified to the Convention Center Support Fund. The

1 Convention Center Support Fund is created. Any money in the fund
2 available for investment shall be invested by the state investment
3 officer pursuant to the Nebraska Capital Expansion Act and the
4 Nebraska State Funds Investment Act.

5 ~~(2)~~ (2)(a) It is the intent of the Legislature to
6 appropriate from the fund to any political subdivision for which
7 an application for state assistance under the Convention Center
8 Facility Financing Assistance Act has been approved an amount
9 not to exceed (i) seventy percent of the ~~attributable revenue,~~
10 state sales tax revenue collected by retailers and operators doing
11 business at such facilities on sales at such facilities, state
12 sales tax revenue collected on primary and secondary box office
13 sales of admissions to such facilities, and state sales tax revenue
14 collected by associated hotels, (ii) seventy-five million dollars
15 for any one approved project, or (iii) the total cost of acquiring,
16 constructing, improving, or equipping the eligible facility. ~~The~~
17 ~~money~~ State assistance shall not be used for an operating subsidy
18 or other ancillary facility.

19 (b) Ten percent of such funds appropriated to a city
20 of the metropolitan class under this subsection shall be equally
21 distributed to areas with a high concentration of poverty to
22 showcase important historical aspects of such areas.

23 (c) Each area with a high concentration of poverty that
24 has been distributed funds under subdivision (b) of this subsection
25 shall establish a development fund and form a committee which

1 shall identify and research potential projects and make final
2 determinations on the use of state sales tax revenue received for
3 such projects.

4 (d) A committee formed in subdivision (c) of this
5 subsection shall include the following three members:

6 (i) The member of the city council whose district
7 includes a majority of the census tracts which each contain a
8 percentage of families below the poverty line of greater than
9 thirty percent, as determined by the most recent federal decennial
10 census, within the area with a high concentration of poverty;

11 (ii) The commissioner of the county whose district
12 includes a majority of the census tracts which each contain a
13 percentage of families below the poverty line of greater than
14 thirty percent, as determined by the most recent federal decennial
15 census, within the area with a high concentration of poverty; and

16 (iii) A resident of the area with a high concentration of
17 poverty, appointed by the other two members of the committee.

18 (e) A committee formed in subdivision (c) of this
19 subsection shall solicit project ideas from the public and shall
20 hold a public hearing in the area with a high concentration
21 of poverty. Notice of a proposed hearing shall be provided in
22 accordance with the procedures for notice of a public hearing
23 pursuant to section 18-2115. The committee shall research potential
24 projects in its area and make the final determination regarding the
25 annual distribution of funding to such projects.

1 (f) For purposes of this subsection, an area with a high
2 concentration of poverty means an area within the corporate limits
3 of a city of the metropolitan class consisting of one or more
4 contiguous census tracts, as determined by the most recent federal
5 decennial census, which contain a percentage of families below the
6 poverty line of greater than thirty percent, and all census tracts
7 contiguous to such tract or tracts, as determined by the most
8 recent federal decennial census.

9 (3) State assistance to the political subdivision shall
10 no longer be available upon the retirement of the bonds issued
11 to acquire, construct, improve, or equip the facility or any
12 subsequent bonds that refunded the original issue or when the cost
13 of acquiring, constructing, improving, or equipping the eligible
14 facility exceeds seventy-five million dollars, state assistance
15 reaches the amount determined under subdivision (2)(a) of this
16 section, whichever comes first.

17 (4) It is the intent of the Legislature that the The
18 remaining thirty percent of attributable revenue state sales tax
19 revenue collected by retailers and operators doing business at such
20 facilities on sales at such facilities, state sales tax revenue
21 collected on primary and secondary box office sales of admissions
22 to such facilities, and state sales tax revenue collected by
23 associated hotels, shall be appropriated by the Legislature to the
24 Local Civic, Cultural, and Convention Center Financing Fund.

25 (5) Any municipality that has applied for and received a

1 grant of assistance under the Local Civic, Cultural, and Convention
2 Center Financing Act may not receive state assistance under the
3 Convention Center Facility Financing Assistance Act.

4 Sec. 7. Section 13-2612, Revised Statutes Cumulative
5 Supplement, 2006, is amended to read:

6 13-2612 The board shall not accept applications
7 for assistance under the Convention Center Facility Financing
8 Assistance Act shall terminate on after June 1, 2010. 2002, if no
9 applications for assistance have been approved prior to such date.

10 Sec. 8. Section 13-2706, Revised Statutes Cumulative
11 Supplement, 2006, is amended to read:

12 13-2706 Any municipality, except a city of the
13 metropolitan class, that has received funding under the Convention
14 Center Facility Financing Assistance Act, may apply for a grant
15 of assistance from the fund. Application shall be made on forms
16 developed by the department.

17 Sec. 9. Original sections 13-2602, 13-2603, 13-2605,
18 13-2607, 13-2609, 13-2610, 13-2612, and 13-2706, Revised Statutes
19 Cumulative Supplement, 2006, are repealed.

20 Sec. 10. The following section is outright repealed:
21 Section 13-2608, Revised Statutes Cumulative Supplement, 2006.

22 Sec. 11. Since an emergency exists, this act takes effect
23 when passed and approved according to law.